

THE OFFICE OF REGULATORY STAFF
DIRECT TESTIMONY AND EXHIBITS
OF
ROBERT A. LAWYER

August 17, 2010



DOCKET NO. 2010-3-E

ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS
DUKE ENERGY CAROLINAS, LLC

DIRECT TESTIMONY AND EXHIBITS OF

ROBERT A. LAWYER

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2010-3-E

IN RE: ANNUAL REVIEW OF BASE RATES FOR FUEL COSTS OF

DUKE ENERGY CAROLINAS, LLC

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Robert A. Lawyer. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. I am employed by the South Carolina Office of Regulatory Staff ("ORS") in the Audit Department as an Auditor.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a B.S. Degree in Financial Management, with a concentration in Corporate Finance, from Clemson University in May 1994. Prior to joining ORS, I held a variety of positions in finance, accounting, auditing, and management. I began my employment as an auditor with ORS in April 2007 and have participated in various cases involving the regulation of electric and water utilities.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to present the results of ORS Audit Staff's examination of the books and records pertaining to Duke Energy Carolinas, LLC's ("the Company" or "DEC") Fuel Adjustment Clause ("FAC") operation. The current review period consists of actual information from June 2009 through May 2010 and

the Company's estimated calculations for the months of June through September 2010 (Docket No. 2010-3-E). The findings of the examination of the actual review period are set forth below and in the exhibits attached to this testimony.

Q. WHAT WAS THE PURPOSE OF THIS EXAMINATION?

A. The purpose of this examination was to determine whether the Company's accounting practices in computing and applying the monthly Fuel Adjustment Clause have been in compliance with S.C. Code Ann. §58-27-865 (Supp. 2009). To accomplish this task, ORS examined the components associated with the operation of the clause.

Q. WHAT WAS THE SCOPE OF ORS'S EXAMINATION?

A. ORS Audit Staff examined and verified the monthly fuel adjustment factor calculations and the fuel recovery balances recorded in the Company's books and records. The current fuel examination covered the actual period of June 2009 through May 2010 ("actual review period") and four (4) estimated months from June to September 2010. ORS Audit Staff did not examine the months of June, July, August, and September 2010 since these were Company estimated figures. The Audit Department's examination consisted of:

1. Analyzing the Fuel Stock Account- Account #151

ORS's analysis of the Fuel Stock Account consisted of verifying receipts to and issues from the fuel management system to the general ledger, examining monthly fuel charges originating in fuel accounting, and ensuring that only proper charges were entered in the Company's computation of fuel costs for purposes of adjusting base rates for fuel costs.

2. Sampling Receipts to the Fuel Stock Account- Account #151

ORS's review of receipts to the Fuel Stock Account consisted of examining and testing selected transactions which support additions to the account. Each transaction examined was tested for mathematical accuracy and vouched to a corresponding waybill or truck bill, supplier invoice, and freight invoice. Each transaction was then verified by a corresponding fuel management system payment voucher to prove payment of the correct amount to the vendors.

3. Verifying Charges to Nuclear Fuel Expense- Account #518

ORS verified the expense amounts for nuclear fuel to the books and records for the actual review period to confirm the accuracy of these expenses to fuel amortization schedules.

4. Verifying Purchased and Interchange Power Fuel Costs

ORS verified the Company's Purchased and Interchange Power Fuel Costs, kilowatt-hour ("kWh") purchases and sales for the actual review period to "Intersystem Purchase and Sales Transaction" reports, Purchases, Sales and Interchange Power schedules, and on a sample basis, to monthly invoices. ORS recomputed the Company's sales and purchases.

The Purchased and Interchange Power figures for the actual review period and the resultant over (under)-recovery monthly deferred fuel amounts for the period reflect calculations which conform to S.C. Code Ann. §58-27-865 (Supp. 2009).

This statute addresses "fuel costs related to purchased power." Subsection (A)(2)(b) of this statute states that the total delivered cost of economy purchases, including (but not limited to) transmission charges, are included in Purchased

Power Costs if those purchases are “less than the purchasing utility’s avoided variable costs for the generation of an equivalent quantity of electric power.” ORS applied this statute to the examined economic purchases along with the applicable avoided costs.

5. Verifying kWh Sales

ORS verified total system kWh sales, as filed in the monthly fuel factor computation, to monthly billed revenue reports for the actual review period. The monthly kWh sales figures were then used to determine the fuel cost per kWh sold.

6. Recalculating the Fuel Adjustment Factors and Verifying the Deferred Fuel Costs

ORS recalculated the fuel cost adjustment factors for the actual review period utilizing information obtained from the Company’s records. ORS verified the total fuel costs for the actual review period to the Company’s books and records. In recalculating the monthly factors, ORS divided total fuel costs by total system kWh sales to arrive at fuel costs per kWh sales. The base fuel cost per kWh, included in the base rates, is then subtracted from the fuel cost per kWh sales. The resulting figure represents the fuel cost adjustment above or below the base rate per kWh sales. The South Carolina retail jurisdictional kWh deferrals were checked against the Company’s records and the actual deferred fuel costs for each month were verified to the Company’s books and records.

7. Recalculating the True-up for the Over (Under)-Recovered Fuel Costs

ORS analyzed and recomputed the cumulative over (under)-recovery of actual base fuel costs for the period June 2009 through May 2010 of \$53,785,597 and estimated over (under) recovery through September 2010 of \$33,566,790. In

addition, ORS recomputed the cumulative over (under)-recovery of actual environmental fuel costs for the period June 2009 through May 2010 of \$3,242,609 and estimated over (under) recovery through September 2010 of \$782,609.

8. Details of the Company's Received Fuel Coal Costs

ORS prepared exhibits based upon information obtained from DEC's books and records, and other sources, reflecting coal costs during the review period. Specifically, these exhibits are as follows:

Audit Exhibit RAL-1: Coal Cost Statistics

Audit Exhibit RAL-2: Received Coal- Cost Per Ton Comparison

Q. PLEASE EXPLAIN THE AUDIT EXHIBITS ATTACHED TO YOUR TESTIMONY.

A. ORS prepared audit exhibits from the Company's books and records, reflecting fuel costs during the review period. Specifically, these exhibits include the following:

AUDIT EXHIBIT RAL-1: COAL COST STATISTICS

In Audit Exhibit RAL-1, titled "Coal Cost Statistics," ORS listed monthly spot and contract coal received, separately and combined, for the actual review period. The comparison is made in the following five (5) areas:

(1) Tons Received

(2) Percentage of Total Tons Received

(3) Total Received Cost

(4) Received Cost Per Ton

(5) Cost Per MBTU

Adjustments that were not specific to spot or contract coal but were included in the combined coal costs' total are also shown on this exhibit.

ORS has taken the combined total received cost for the twelve (12) months and divided this by the combined total tons for the twelve (12) months to arrive at a weighted average cost per ton for the actual review period.

**AUDIT EXHIBIT RAL-2: RECEIVED COAL – COST PER TON
COMPARISON**

This audit exhibit reflects the received cost per ton for coal for each month from June 2009 through May 2010 for DEC, Progress Energy Carolinas, and South Carolina Electric & Gas Company. For comparison purposes, ORS has shown the invoice cost per ton, freight cost per ton, total cost per ton, and the cost per MBTU.

AUDIT EXHIBIT RAL-3: TOTAL BURNED COST (FOSSIL AND NUCLEAR)

This audit exhibit reflects the per book cost of fuel burned for electric generation during the actual review period. The burned cost of each class of fuel is shown separately. These costs are used in the computation of the base fuel factor. The SO₂ emission allowance expenses and other variable environmental costs, as described in §58-27-865 (A)(1) (Supp. 2009), are shown separately.

AUDIT EXHIBIT RAL-4: COST OF FUEL

This audit exhibit reflects ORS's computation of the total fuel cost applicable to the factor computation. There are three (3) components used in arriving at this cost. These components are:

- (1) Cost of Fuel Burned;
- (2) Purchased and Interchange Power Fuel Cost; and

AUDIT EXHIBIT RAL-7: DETAILS OF ENVIRONMENTAL COSTS

Shown in this audit exhibit is the actual fuel cost computation for June 2009 through May 2010 for sulfur dioxide (SO₂) and nitrogen oxides (NO_x) emission allowances, limestone, ammonia, dibasic acid, urea, and DEC's estimate of variable environmental costs for June, July, August, and September 2010.

Q. WOULD YOU PLEASE EXPLAIN THE AMOUNT BROUGHT FORWARD OF THE CUMULATIVE OVER (UNDER)-RECOVERY BALANCE IN AUDIT EXHIBIT RAL-5?

A. Yes. As reflected in Item (1) in Audit Exhibit RAL-5, ORS brought forward a cumulative over-recovery balance from May 2009 of \$44,315,294. The Company's testimony (McManeus Exhibit 5) reflects an over-recovery balance brought forward from May 2009 of \$44,315,000. The difference is due to rounding.

Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF THE TRUE-UP OF OVER (UNDER)-RECOVERED FUEL COSTS.

A. ORS Audit Exhibit RAL-5, entitled "S.C. Retail Comparison of Fuel Revenues & Expenses," provides details of ORS's calculation of the actual cumulative over-recovery balance through May 2010, and the estimated balance through September 2010. The cumulative over-recovery amount totaled \$53,785,597 through May 2010. ORS then added DEC's estimated (under)-recoveries of (\$2,967,115) for June 2010, (\$4,946,980) for July 2010, (\$6,799,913) for August 2010, and (\$5,504,799) for September 2010 to arrive at a cumulative over-recovery of \$33,566,790 through September 2010. The Company's testimony (McManeus Exhibit 5) in this docket lists the cumulative over-recovery total through May 2010 as \$53,803,000 and through

1 which uses a percentage-computed fuel proxy. Identifiable fuel costs are recorded as
2 invoiced or as documented. Therefore, after DEC applied the South Carolina statute
3 to its economic purchases, DEC's adjustments increased their Purchased Power Costs
4 of \$83,223,321 for the review period, on a total-system native load basis by
5 \$47,106,273, which results in "as adjusted" Purchased Power Costs of \$130,329,594.
6 As shown on Audit Exhibit RAL-5 (p. 3 of 3), Purchased Power Costs on a South
7 Carolina retail jurisdictional basis total \$33,552,470. This figure reflects the usage of a
8 purchase price as a lesser price, at that point in time, over an avoided cost. ORS
9 examined and recomputed these costs, and except for the purchased power adjustment
10 noted as item (3), no other exceptions were found.

11 **Q. WOULD YOU PLEASE EXPLAIN THE BALANCE BROUGHT FORWARD**
12 **FOR THE CUMULATIVE OVER (UNDER)-RECOVERY BALANCE IN**
13 **AUDIT EXHIBIT RAL-7?**

14 **A.** Yes. As reflected in Item (4) in Audit Exhibit RAL-7, ORS brought forward a
15 cumulative over-recovery balance from May 2009 of \$3,514,786. The Company's
16 testimony (McManeus Exhibit 7) reflects a cumulative over-recovery balance brought
17 forward from May 2009 of \$3,515,000. The difference is due to rounding.

18 **Q. PLEASE ELABORATE ON ORS AUDIT STAFF'S COMPUTATION OF THE**
19 **TRUE-UP OF OVER (UNDER)-RECOVERED ENVIRONMENTAL COSTS.**

20 **A.** Effective May 3, 2007, S.C. Code Ann. §58-27-865 was amended to include,
21 as components of fuel cost, "(a) the cost of ammonia, lime, limestone, urea, dibasic
22 acid, and catalysts consumed in reducing or treating emissions, and (b) the cost of
23 emission allowances, as used, including allowances for SO₂, NO_x, mercury and

1 particulates.” Audit Exhibit RAL-7, entitled “Details of Environmental Costs,”
2 provides the details needed to calculate the variable environmental costs included in
3 the fuel factor. In addition, effective May 3, 2007, SO₂ emission allowances were
4 included in the environmental cost factor of the FAC. Prior to that date, these costs
5 had been included in the base fuel factor under the FAC.

6 ORS Audit Exhibit RAL-7 provides data for ORS’s cumulative environmental
7 cost over-recovery balance of \$3,242,609 through May 2010. ORS then added DEC’s
8 monthly estimated (under)-recoveries for June through September 2010 to arrive at a
9 cumulative over-recovery of \$782,609 through September 2010. The Company’s
10 testimony (McManeus Exhibit 7) in this docket lists the cumulative environmental
11 cost over-recovery total through May 2010 as \$3,245,000 and through September
12 2010 as \$786,000. The difference between the Company’s and ORS’s cumulative
13 over-recovery as of actual May 2010 totals \$2,391. This difference is attributable to
14 rounding.

15 **Q. WHAT IS ORS’S COMBINED TOTAL CUMULATIVE RECOVERIES OF**
16 **THE BASE FUEL COST AND ENVIRONMENTAL COST COMPONENTS AS**
17 **OF ACTUAL MAY 2010 AND AS OF ESTIMATED SEPTEMBER 2010?**

18 **A.** As of May 2010, based on a Base Fuel Cost component cumulative over-
19 recovery balance of \$53,785,597 and an Environmental Cost component cumulative
20 over-recovery balance of \$3,242,609, the combined result totals \$57,028,206. As of
21 September 2010, based on a Base Fuel Cost component cumulative over-recovery
22 balance of \$33,566,790 and an Environmental Cost component cumulative over-

Duke Energy Carolinas, LLC
Coal Cost Statistics
June 2009 - May 2010
Docket No. 2010-3-E

Spot					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Total Received Cost</u>	<u>Received Cost Per Ton</u>	<u>Cost Per MBTU</u>
	Tons	%	\$	\$	\$
Jun-09	0	0.00%	0	0.00	0.0000
Jul-09	0	0.00%	0	0.00	0.0000
Aug-09	0	0.00%	0	0.00	0.0000
Sep-09	0	0.00%	0	0.00	0.0000
Oct-09	0	0.00%	49,453	0.00	0.0000
Nov-09	0	0.00%	0	0.00	0.0000
Dec-09	0	0.00%	0	0.00	0.0000
Jan-10	0	0.00%	0	0.00	0.0000
Feb-10	0	0.00%	0	0.00	0.0000
Mar-10	0	0.00%	0	0.00	0.0000
Apr-10	0	0.00%	0	0.00	0.0000
May-10	11,110	0.97%	703,609	63.33	2.6036
Totals (6/09- 5/10)	11,110		753,062		

Contract					
<u>Month</u>	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Total Received Cost</u>	<u>Received Cost Per Ton</u>	<u>Cost Per MBTU</u>
	Tons	%	\$	\$	\$
Jun-09	1,183,743	100.00%	101,547,349	85.78	3.4756
Jul-09	1,182,523	100.00%	105,056,029	88.84	3.6009
Aug-09	1,547,933	100.00%	140,712,151	90.90	3.5307
Sep-09	1,302,655	100.00%	113,036,845	86.77	3.5122
Oct-09	1,185,319	100.00%	104,774,714	88.39	3.5976
Nov-09	998,305	100.00%	87,794,682	87.94	3.5835
Dec-09	849,516	100.00%	75,743,074	89.16	3.6330
Jan-10	985,277	100.00%	86,360,827	87.65	3.5852
Feb-10	911,436	100.00%	81,861,420	89.82	3.6840
Mar-10	1,147,166	100.00%	101,062,782	88.10	3.6136
Apr-10	1,014,566	100.00%	88,190,774	86.92	3.5540
May-10	1,136,020	99.03%	99,987,178	88.02	3.5846
Totals (6/09- 5/10)	13,444,459		1,186,127,825		

Duke Energy Carolinas, LLC
Coal Cost Statistics
June 2009 - May 2010
Docket No. 2010-3-E

<u>Month</u>	<u>Combined</u>				<u>Adjusted Total Received Cost</u>	<u>Received Cost Per Ton</u>	<u>Cost Per MBTU</u>
	<u>Tons Received</u>	<u>Percentage of Total Tons Received</u>	<u>Total Received Cost</u>	<u>Adjustments</u>			
	Tons	%	\$	\$	\$	\$	\$
Jun-09	1,183,743	100.00%	101,547,349	821,312	102,368,661	86.48	3.5020
Jul-09	1,182,523	100.00%	105,056,029	3,383,292	108,439,321	91.70	3.7133
Aug-09	1,547,933	100.00%	140,712,151	2,543,478	143,255,629	92.55	3.7269
Sep-09	1,302,655	100.00%	113,036,845	4,936,098	117,972,943	90.56	3.6752
Oct-09	1,185,319	100.00%	104,824,167	2,570,911	107,395,078	90.60	3.6870
Nov-09	998,305	100.00%	87,794,682	2,908,194	90,702,876	90.86	3.6984
Dec-09	849,516	100.00%	75,743,074	4,500,063	80,243,137	94.45	3.8442
Jan-10	985,277	100.00%	86,360,827	3,266,527	89,627,354	90.97	3.7070
Feb-10	911,436	100.00%	81,861,420	3,104,812	84,966,232	93.22	3.8175
Mar-10	1,147,166	100.00%	101,062,782	597,879	101,660,661	88.62	3.6228
Apr-10	1,014,566	100.00%	88,190,774	3,837,324	92,028,098	90.71	3.6804
May-10	1,147,130	100.00%	100,690,787	2,758,453	103,449,240	90.18	3.6661
Totals (6/09- 5/10)	<u>13,455,569</u>		<u>1,186,880,887</u>	<u>35,228,343</u>	<u>1,222,109,230</u>		

<u>Total Received Cost</u>	=	<u>\$ 1,222,109,230</u>	=	<u>\$ 90.83</u>
<u>Total Tons Received</u>		<u>13,455,569</u>		

Duke Energy Carolinas, LLC
Received Coal - Cost Per Ton Comparison
June 2009 - May 2010
Docket No. 2010-3-E

Duke Energy Carolinas, LLC

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Jun-09	66.36	20.12	86.48	3.5020
Jul-09	70.57	21.13	91.70	3.7133
Aug-09	71.29	21.26	92.55	3.7269
Sep-09	67.58	22.98	90.56	3.6752
Oct-09	68.45	22.15	90.60	3.6870
Nov-09	68.20	22.66	90.86	3.6984
Dec-09	69.56	24.89	94.45	3.8442
Jan-10	68.18	22.79	90.97	3.7070
Feb-10	70.33	22.89	93.22	3.8175
Mar-10	64.65	23.97	88.62	3.6228
Apr-10	67.93	22.78	90.71	3.6804
May-10	67.83	22.35	90.18	3.6661

Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc.

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Jun-09	67.03	21.06	88.09	3.5793
Jul-09	70.32	22.36	92.68	3.7628
Aug-09	73.99	23.06	97.05	3.9293
Sep-09	74.04	24.55	98.59	3.9985
Oct-09	77.66	23.56	101.22	4.1046
Nov-09	76.76	14.52	91.28	3.7088
Dec-09	73.24	23.13	96.37	3.9084
Jan-10	70.95	24.97	95.92	3.9043
Feb-10	70.65	22.65	93.30	3.8048
Mar-10	68.84	20.26	89.10	3.6632
Apr-10	59.30	24.61	83.91	3.4266
May-10	57.19	23.53	80.72	3.2202

Duke Energy Carolinas, LLC
Received Coal - Cost Per Ton Comparison
June 2009 - May 2010
Docket No. 2010-3-E

South Carolina Electric & Gas Company

<u>Month</u>	<u>Invoice Cost</u> <u>Per Ton</u>	<u>Freight Cost</u> <u>Per Ton</u>	<u>Total Cost</u> <u>Per Ton</u>	<u>Cost</u> <u>Per MBTU</u>
	\$	\$	\$	\$
Jun-09	78.28	30.91	109.19	4.3100
Jul-09	83.05	28.83	111.88	4.4000
Aug-09	84.22	27.38	111.60	4.4000
Sep-09	86.85	31.20	118.05	4.6500
Oct-09	87.80	23.12	110.92	4.3900
Nov-09	84.10	33.45	117.55	4.6300
Dec-09	93.50	24.77	118.27	4.6800
Jan-10	84.82	27.25	112.07	4.4400
Feb-10	74.53	34.54	109.07	4.3300
Mar-10	73.30	29.72	103.02	4.0600
Apr-10	82.92	27.24	110.16	4.3600
May-10	81.14	31.76	112.90	4.4900

Duke Energy Carolinas, LLC
Total Burned Cost (Fossil and Nuclear)
 June 2009 - May 2010
 Docket No. 2010-3-E

<u>Month</u>	<u>Coal</u>		<u>#2 Oil</u>		<u>Gas</u>		<u>Biomass</u>		<u>Nuclear</u>		<u>Total Burned Cost</u>
	\$	%	\$	%	\$	%	\$	%	\$	%	\$
Jun-09	113,543,637	84.63%	1,510,779	1.13%	724,522	0.54%	0	0.00%	18,378,035	13.70%	134,156,973
Jul-09	116,032,807	85.50%	934,479	0.69%	378,404	0.27%	8,487	0.01%	18,356,849	13.53%	135,711,026
Aug-09	133,537,005	86.78%	904,948	0.59%	1,314,477	0.85%	61,593	0.04%	18,065,130	11.74%	153,883,153
Sep-09	95,742,412	83.89%	902,975	0.79%	2,925,588	2.56%	54,629	0.05%	14,497,986	12.71%	114,123,590
Oct-09	85,894,683	84.77%	728,588	0.72%	(840,891)	-0.83%	(6,413)	-0.01%	15,556,743	15.35%	101,332,710
Nov-09	95,722,366	85.62%	877,359	0.78%	74,937	0.07%	0	0.00%	15,121,923	13.53%	111,796,585
Dec-09	100,948,640	83.31%	1,303,681	1.08%	110,962	0.09%	5,786	0.00%	18,800,882	15.52%	121,169,951
Jan-10	143,632,819	86.80%	2,136,100	1.29%	254,808	0.15%	14,256	0.01%	19,440,979	11.75%	165,478,962
Feb-10	121,874,590	85.65%	2,851,443	2.00%	242,034	0.18%	0	0.00%	17,317,962	12.17%	142,286,029
Mar-10	89,109,654	83.60%	859,079	0.81%	15,928	0.01%	0	0.00%	16,608,562	15.58%	106,593,223
Apr-10	79,994,989	83.38%	1,114,686	1.16%	85,136	0.09%	0	0.00%	14,750,350	15.37%	95,945,161
May-10	110,064,402	83.71%	2,120,659	1.61%	2,616,647	1.99%	89,215	0.07%	16,599,412	12.62%	131,490,335
Totals	1,286,098,004	84.95%	16,244,776	1.07%	7,902,552	0.52%	227,553	0.02%	203,494,813	13.44%	1,513,967,698

Duke Energy Carolinas, LLC
Cost of Fuel
June 2009 - May 2010
Docket No. 2010-3-E

<u>Month</u>	<u>Total Cost of Fuel</u> <u>Burned</u>	<u>Purchased and</u> <u>Interchange Power Fuel</u> <u>Cost</u>	<u>Fuel Cost Recovered</u> <u>from Intersystem</u> <u>Sales</u>	<u>Total Fuel Cost</u> <u>\$</u>
	\$	\$	\$	\$
Jun-09	134,156,973	10,248,166	(2,973,373)	141,431,766
Jul-09	135,711,026	9,536,341	(878,050)	144,369,317
Aug-09	153,883,153	11,580,626	(1,540,860)	163,922,919
Sep-09	114,123,590	17,749,878	(558,454)	131,315,014
Oct-09	101,332,710	12,674,594	(1,224,195)	112,783,109
Nov-09	111,796,585	7,946,729	(660,688)	119,082,626
Dec-09	121,169,951	8,150,555	(7,022,215)	122,298,291
Jan-10	165,478,962	5,134,417	(12,247,842)	158,365,537
Feb-10	142,286,029	7,557,188	(6,197,871)	143,645,346
Mar-10	106,593,223	10,849,353	(1,055,544)	116,387,032
Apr-10	95,945,161	14,293,462	(784,554)	109,454,069
May-10	131,490,335	14,608,285	(2,040,819)	144,057,801
Total	1,513,967,698	130,329,594	(37,184,465)	1,607,112,827

Duke Energy Carolinas, LLC
S.C. Retail Comparison of Fuel Revenues & Expenses
June 2009 - September 2010
Docket No. 2010-3-E

		-----ACTUAL-----							
		Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10
Fossil Fuel including Biomass (\$)		115,778,938	117,354,177	135,818,023	99,625,604	85,775,967	96,674,662	102,369,069	146,037,983
Nuclear Fuel (\$)		18,378,035	18,356,849	18,065,130	14,497,986	15,556,743	15,121,923	18,800,882	19,440,979
Solar Distribution Generation (\$)		-	-	-	-	-	-	-	-
Purchased & Interchange Power (\$)	(2)	10,248,166	9,536,341	11,580,626	17,749,878	12,674,594	7,946,729	8,150,555	5,134,417
Sub-Total (\$)		144,405,139	145,247,367	165,463,779	131,873,468	114,007,304	119,743,314	129,320,506	170,613,379
Less: Fuel Cost Recovered through Intersystem Sales (\$)		2,973,373	878,050	1,540,860	558,454	1,224,195	660,688	7,022,215	12,247,842
Total Fuel Costs (\$)		141,431,766	144,369,317	163,922,919	131,315,014	112,783,109	119,082,626	122,298,291	158,365,537
Total System kWh Sales Excluding Intersystem Sales		6,562,007,000	7,315,119,000	7,444,889,000	6,999,084,000	5,896,993,000	5,671,992,000	6,651,098,000	7,787,861,000
\$/kWh Sales		0.021553	0.019736	0.022018	0.018762	0.019126	0.020995	0.018388	0.020335
Less: Base Sales (\$/kWh)		0.022317	0.022317	0.022317	0.022317	0.019606	0.019606	0.019606	0.019606
Fuel Adjustment Per kWh (\$/kWh)		0.000764	0.002581	0.000299	0.003555	0.000480	(0.001389)	0.001218	(0.000729)
S.C. kWh Sales (000's)		1,729,945	1,880,043	1,911,611	1,792,320	1,543,698	1,463,698	1,664,530	1,927,383
Over (Under) Recovery (\$)		1,321,678	4,852,391	571,572	6,371,698	740,975	(2,033,077)	2,027,398	(1,405,062)
Cumulative Over (Under) Recovery - May 2009 (\$)	(1)	44,315,294							
Company Adjustments									
Cumulative Over (Under) Recovery this Period (\$)		45,636,972	50,489,363	51,060,935	57,432,633	58,173,608	56,140,531	58,167,929	56,762,867

Please Note:

In Audit Exhibit RAL-5, ORS reflects Over-Recovery amounts without parentheses and reflects (Under)-Recovery amounts with parentheses.

Duke Energy Carolinas, LLC
S.C. Retail Comparison of Fuel Revenues & Expenses
June 2009 - September 2010
Docket No. 2010-3-E

Audit Exhibit RAL-5
Page 2 of 3

	ACTUAL				ESTIMATED			
	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10
Fossil Fuel including Biomass (\$)	124,968,067	89,984,661	81,194,811	114,890,923	116,094,000	132,558,000	145,124,000	122,240,000
Nuclear Fuel (\$)	17,317,962	16,608,562	14,750,350	16,599,412	19,091,000	19,744,000	19,744,000	18,772,000
Solar Distribution Generation (\$)	-	18,690	20,289	30,607	33,000	33,000	33,000	47,000
Purchased & Interchange Power (\$)	(2) 7,557,188	10,849,353	14,293,462	14,608,285	8,328,000	8,889,000	8,580,000	21,324,000
Sub-Total (\$)	149,843,217	117,461,266	110,258,912	146,129,227	143,546,000	161,224,000	173,481,000	162,383,000
Less: Fuel Cost Recovered through Intersystem Sales (\$)	6,197,871	1,055,544	784,554	2,040,819	3,130,000	1,749,000	567,000	593,000
Total Fuel Costs (\$)	143,645,346	116,405,722	109,474,358	144,088,408	140,416,000	159,475,000	172,914,000	161,790,000
Total System kWh Sales Excluding Intersystem Sales	6,981,645,000	6,667,326,000	6,140,948,000	5,810,560,000	6,590,391,000	7,158,799,000	7,484,548,000	7,179,289,000
\$/kWh Sales	0.020575	0.017459	0.017827	0.024798	0.021306	0.022277	0.023103	0.022536
Less: Base Sales (\$/kWh)	0.019606	0.019606	0.019606	0.019606	0.019606	0.019606	0.019606	0.019606
Fuel Adjustment Per kWh (\$/kWh)	(0.000969)	0.002147	0.001779	(0.005192)	(0.001700)	(0.002671)	(0.003497)	(0.002930)
S.C. kWh Sales (000's)	1,749,818	1,697,366	1,611,533	1,508,902	1,745,362	1,852,108	1,944,499	1,878,771
Over (Under) Recovery (\$)	(1,695,574)	3,644,245	2,866,917	(7,834,219)	(2,967,115)	(4,946,980)	(6,799,913)	(5,504,799)
Cumulative Over (Under) Recovery - 01/10 (p.1 of 3) (\$)	56,762,867							
ORS Adjustments				41,361 (3)				
Cumulative Over (Under) Recovery this Period (\$)	55,067,293	58,711,538	61,578,455	53,785,597	50,818,482	45,871,502	39,071,589	33,566,790

Please Note:

In Audit Exhibit RAL-5, ORS reflects Over-Recovery amounts without parentheses and reflects (Under)-Recovery amounts with parentheses.

For the actual review period and estimated months, the monthly "Renewable Purchased Power" (reflected on McManeus Exhibit 5, line 4) amounts are reflected on ORS's Audit Exhibit RAL-5 in the "Purchased & Interchange Power" figures for those respective months.

Cumulative Over (Under) Base Fuel Component (\$)	53,785,597	33,566,790
(per Audit Exhibit RAL-5)		
Cumulative Over (Under) Environmental Component (\$)	3,242,609	782,609
(per Audit Exhibit RAL-7)		
Net Cumulative Base Fuel and Environmental Components (\$)	57,028,206	34,349,399
Over (Under)- Recovery Balances		

Duke Energy Carolinas, LLC
Purchased Power Expense -- S.C. Portion
June 2009 - May 2010
Docket No. 2010-3-E

Month	System Basis Total P.P. Expense	X	Monthly S.C. Allocation Factor	=	P.P. Exp.--S.C. Retail Jurisdictional
	\$				\$
Jun-09	10,248,166		26.36%		2,701,417
Jul-09	9,536,341		25.70%		2,450,840
Aug-09	11,580,626		25.68%		2,973,905
Sep-09	17,749,878		25.61%		4,545,744
Oct-09	12,674,594		26.18%		3,318,209
Nov-09	7,946,729		25.81%		2,051,051
Dec-09	8,150,555		25.03%		2,040,084
Jan-10	5,134,417		24.75%		1,270,768
Feb-10	7,557,188		25.06%		1,893,831
Mar-10	10,849,353		25.46%		2,762,245
Apr-10	14,293,462		26.24%		3,750,604
May-10	14,608,285		25.97%		3,793,772
Total	<u>130,329,594</u>				<u>33,552,470</u>

Note:

Monthly S.C. Allocation Factor = S.C. kWh Sales divided by Total System kWh Sales

Duke Energy Carolinas, LLC
Details of Environmental Costs
June 2009 - September 2010
Docket No. 2010-3-E

	Actual							
	<u>Jun-09</u>	<u>Jul-09</u>	<u>Aug-09</u>	<u>Sep-09</u>	<u>Oct-09</u>	<u>Nov-09</u>	<u>Dec-09</u>	<u>Jan-10</u>
<u>Environmental Costs Incurred</u>								
Emission Allowances (\$)								
Limestone (\$)	26,927	17,040	159,889	53,562	40,984	25,685	31,979	18,887
Ammonia (\$)	1,039,394	1,453,021	1,248,997	912,441	859,586	1,035,671	2,075,588	1,067,353
Dibasic Acid (\$)	473,712	165,379	467,064	761,605	365,903	571,024	830,258	488,067
	0	0	0	0	0	0	0	0
Urea (\$)	658,864	261,010	407,851	468,365	199,580	171,014	654,949	147,423
Sub-Total (\$)	2,198,897	1,896,450	2,283,801	2,195,973	1,466,053	1,803,394	3,592,774	1,721,730
Less: Gain on Nox Sales (\$)	1,739,500	1,139,860	4,750,015	3,839,100	823,900	1,059,600	270,000	66,500
Less: Inter-Company Sales (\$)	45,937	14,782	18,236	8,069	26,989	10,942	219,647	214,405
Net Environmental Cost (\$)	413,460	741,808	(2,484,450)	(1,651,196)	615,164	732,852	3,103,127	1,440,825
S.C. Retail MWh Sales	1,729,945	1,880,043	1,911,611	1,792,320	1,543,698	1,463,698	1,664,530	1,927,383
Total System MWh Sales	6,562,007	7,315,119	7,444,889	6,999,084	5,896,993	5,671,992	6,651,098	7,787,861
S.C. Allocation Factor of Total Environmental Costs (%)	26.36%	25.70%	25.68%	25.61%	26.18%	25.81%	25.03%	24.75%
S.C. Share of Total Environmental Costs (\$)	108,988	190,645	(638,007)	(422,871)	161,050	189,149	776,713	356,604
Amount Billed to SC Customers (\$)	275,388	316,315	314,083	289,964	71,742	67,394	77,410	90,360
Over (Under) Recovery (\$)	166,400	125,670	952,090	712,835	(89,308)	(121,755)	(699,303)	(266,244)
Cumulative Over (Under) Recovery - May 2009 (\$)	(4)	3,514,786	0	0	0	0	0	0
Cumulative Over (Under) Recovery (\$)	3,681,186	3,806,856	4,758,946	5,471,781	5,382,473	5,260,718	4,561,415	4,295,171

Duke Energy Carolinas, LLC
Details of Environmental Costs
June 2009 - September 2010
Docket No. 2010-3-E

	Actual				Estimated			
	<u>Feb-10</u>	<u>Mar-10</u>	<u>Apr-10</u>	<u>May-10</u>	<u>Jun-10</u>	<u>Jul-10</u>	<u>Aug-10</u>	<u>Sep-10</u>
<u>Environmental Costs Incurred</u>								
Emission Allowances (\$)								
Limestone (\$)	38,242	12,332	10,798	32,264	22,000	29,000	32,000	14,000
Ammonia (\$)	707,950	1,541,634	960,208	995,722	1,408,000	1,568,000	1,640,000	1,467,000
Dibasic Acid (\$)	344,004	241,613	160,303	242,369	636,000	698,000	734,000	634,000
Urea (\$)	0	0	0	0	0	0	0	0
Sub-Total (\$)	440,081	637,743	259,117	413,245	454,000	536,000	574,000	442,000
Less: Gain on Nox Sales (\$)	1,530,277	2,433,322	1,390,426	1,683,600	2,520,000	2,831,000	2,980,000	2,557,000
Less: Inter-Company Sales (\$)	1,485,200	17,000	152,000	0	0	0	0	125,000
Net Environmental Cost (\$)	88,192	10,770	10,862	15,427	0	0	0	0
S.C. Retail MWh Sales	(43,115)	2,405,552	1,227,564	1,668,173	2,520,000	2,831,000	2,980,000	2,432,000
Total System MWh Sales	1,749,818	1,697,366	1,611,533	1,508,902	1,745,000	1,852,000	1,944,000	1,879,000
S.C. Allocation Factor of Total Environmental Costs (%)	6,981,645	6,667,326	6,140,948	5,810,560	6,590,000	7,158,000	7,484,000	7,179,000
S.C. Share of Total Environmental Costs (\$)	25.06%	25.46%	26.24%	25.97%	26.48%	25.87%	25.98%	26.17%
Amount Billed to SC Customers (\$)	(10,805)	612,454	322,113	433,225	667,000	732,000	774,000	636,000
Over (Under) Recovery (\$)	81,361	78,844	74,381	69,839	82,000	87,000	92,000	88,000
Jan 2010 - (p. 1 of 2)	92,166	(533,610)	(247,732)	(363,386)	(585,000)	(645,000)	(682,000)	(548,000)
Cumulative Over (Under) Recovery (\$)	4,295,171	0	0	0	0	0	0	0
	4,387,337	3,853,727	3,605,995	3,242,609	2,657,609	2,012,609	1,330,609	782,609